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MATTERS RELATING TO THE PROGRAMMING CYCLE

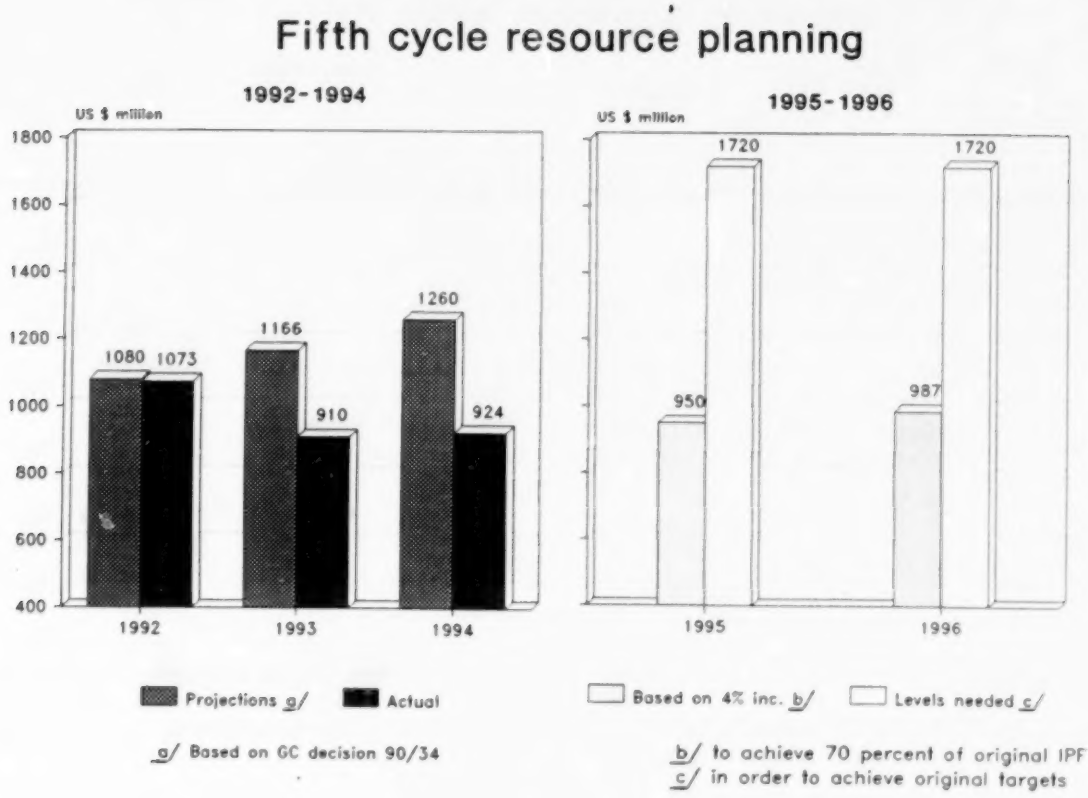
Report of the Administrator on his endeavour to find resources to enable restoration of indicative planning figures to the original levels

I. PURPOSE

1. The present report responds to Executive Board decision 94/16 of 10 June 1994, in which the Board, while approving revised indicative planning figures (IPFs) at 70 per cent of the originally established levels, urged the Administrator "to continue his endeavour to find resources to enable the restoration of indicative planning figures to the original levels".

II. BACKGROUND

2. It may be recalled that the Governing Council, in its decision 90/34, called for an 8 per cent annual growth for the fifth cycle (1992-1996). While the 8 per cent target was almost achieved for 1992, with an increase of 7 per cent over the contributions for 1991, actual pledges in 1993 and 1994 fell far short of the projections based on the Council's assumption. These large shortfalls of $256 million for 1993 and $336 million for 1994, as well as estimated pledges for 1995 and 1996 (at 4 per cent annual increase), necessitated downward adjustments of IPF levels to 70 per cent.



III. PRESENT SITUATION

3. The Administrator has continued vigorous efforts to seek significant increases in contributions both from the industrialized countries and from programme countries, particularly those in a position to provide such increases. His extensive consultations initiated with major donor countries during the second half of 1993 have helped to avert the continuation of the significant erosion of funds noticed in 1993. The resources for 1994 ($924 million) are estimated to be at a slightly higher level than that recorded for 1993 ($910 million). The Administrator has tried to point out that the shortfall in UNDP resources seriously jeopardizes its planned and ongoing programmes and adversely affects more particularly the low-income programme countries, which are the largest recipients of UNDP assistance. It is worth noting that the level of official development assistance (ODA) saw a serious decline in 1993, when ODA dropped to $54.8 billion from the level of $60.8 billion in 1992, a decline of 10 per cent in nominal terms.

4. The question of financing of operational activities for development was discussed by the General Assembly at its resumed forty-eighth session in June and July 1994. In his report to the Assembly, the Secretary-General stressed that the resource situation in the United Nations system required urgent attention. It was also pointed out that the agreement on the reforms of governance was based on an expectation for a new funding system and mechanisms that would aim at a substantial increase in resources for operational activities. In view of the need for further consultations on the matter, it was decided to extend the consultation process to the forty-ninth session of the General Assembly.

5. Meanwhile, the Administrator continues, as he has done in the past, to make efforts through formal approaches and informal consultations to highlight the need for strengthening of the resource base of UNDP through substantial growth in resources. He has already written to all industrialized countries to bring the decision of the Executive Board to their attention and to appeal for significant increases in voluntary contributions.

6. Even though emphasis continues to be laid on core resources, efforts are also being intensified to seek non-core resources to meet shortfalls in country programmes, wherever possible, and for global development themes and issues. UNDP has succeeded in securing considerable growth in non-core resources in the recent past, from a level of $181 million in 1989 to $466 million in 1993.

7. Cooperation with international financing institutions is also being strengthened and may result in obtaining increased resources for UNDP-supported programmes. The Administrator has recently led a strong UNDP mission to the World Bank for high-level discussions. Similarly, UNDP cooperation with the European Union is being reviewed in order to explore new avenues for collaboration.

8. The Executive Board directive contained in decision 94/16 was adopted at its annual session in June 1994. Thus, little progress can be reported at the time of submission of the present document - early August. The Administrator will keep the Board informed of his efforts at future sessions.

IV. EXECUTIVE BOARD ACTION

9. The Executive Board may wish to:

Take note of the present report.